

EAST RENFREWSHIRE COUNCILCABINET28 November 2019Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME 2019/20**PURPOSE OF REPORT**

1. The purpose of this report is to monitor expenditure as at 30 September 2019 (Quarter 2) against the approved Capital Programme for 2019/20 and to recommend adjustments where necessary.

RECOMMENDATIONS

2. The Cabinet is asked to:-
 - (a) note and approve the current movements within the programme; and
 - (b) note the shortfall of £0.088m and that income and expenditure on the programme will be managed and reported on a regular basis.

BACKGROUND

3. The Housing Capital Programme for 2019-2024 was approved by Council on 28 February 2019. An update of the Strategic Housing Investment Programme was approved by Cabinet on 24 October 2019.

CURRENT POSITION

- | | | |
|----|--|-----------------|
| 4. | Total anticipated expenditure (Appendix A) | £ 9.477m |
| | Total anticipated resources (Appendix B) | £ <u>9.389m</u> |
| | Shortfall | £ <u>0.088m</u> |

EXPENDITURE

5. The total estimated expenditure has decreased by £0.219m due to the following changes in respect of timing of expenditure and other adjustments.

Building Works Programme – Existing Stock

- Works are progressing across the main budget lines with a total of £2.215m expenditure to date (30/09/19) however a number of adjustments are now required.
- Rewiring – Planned expenditure of £0.246m has been deferred until 2020/21 to ensure that the specifications of the smoke and heat alarms meet the requirements of new legislation.

- External Structural Works – a total of £0.302m of expenditure on external wall insulation in mixed tenure blocks has been deferred until 2020/21 due to challenges identifying owners to participate in upgrade programmes.
- Estates - Part of this budget is allocated for works to a retaining wall at Crosslees in Thornliebank. Following a presentation of options to owners it was agreed that the works be delayed until 2020/21. As a consequence £0.066m planned expenditure has been deferred to 2020/21.
- Aids & Adaptations / Internal Elements – Aids & Adaptations is demand led and an increased number of referrals requires an increase in this line. It is proposed to transfer £0.107m from the Internal Element Renewal budget to support this additional demand, which will allow tenants with disabilities to remain in their homes.
- Sheltered Housing – This includes two major elements which will now progress later than planned. Firstly, to ensure best value and operational efficiency the Warden Call System renewal programme is now linked with a corporate project which will renew equipment at the Alarm Receiving Centre. Secondly, the renewal of Montgomery Court heating has also been delayed to further investigate options for renewable energy plant. A total of £0.508m has been moved into 2020/21.

Purchase of Property (ROTS/CPO/MTR)

- An update of the Strategic Housing Investment Programme (SHIP) was approved by Cabinet on 24 October 2019 which included a proposal to purchase up to ten Rental Off The Shelf properties (ROTS) in 2019/20. This is anticipated to cost around £1.435m. Grant from the Scottish Government of £0.050m per property is anticipated however an increase in borrowing to cover the remaining costs is required. Costs and grant funding associated with this are included in the appendices however successful delivery of this project is entirely dependent on suitable properties coming on to the market.

IT Systems

- Tender figures indicate a total capital cost for the new system of £0.253m, which is a saving from the original estimate and budget, The split of expenditure between 2019/20 and 2020/21 indicates an estimated outturn of £0.162m for 2019/20 with further expenditure in 2020/21.

Capital New Build – Phase 1 & 2

- This is a major construction project across a number of sites. Construction at Fenwick Drive, Robertson Street and Blackbyres Road is now complete with retention payments to follow.

The site start at Balgraystone Road is anticipated in May 2020 and will continue into summer 2021. Some site investigation and planning fees are expected in 2019/20.

Phase 2 works will include a number of sites at Maidenhill with the main works not expected to commence until 2021. No spend in 2019/20 is anticipated.

INCOME

6. Resources to support the Housing Capital Programme have been adjusted to reflect the changes noted above.
- Rental Off The Shelf (ROTS) - £0.500m is anticipated to support the purchase of these properties and has been included in the programme for 2019/20.
 - Scottish Government New Build Grant – Revisions of site investigation and planning fee expenditure for Balgraystone Road and the early phase 2 works has resulted in a reduction of £0.175m in new build grant anticipated. This will be available to claim against 2020/21 expenditure.
 - Recharges to Owner/Occupiers – due to the challenge in reaching agreements with owner/occupiers to take part in external structural upgrades and other schemes, the anticipated income from recharges has been reduced to £0.300m.
 - Borrowing – Changes noted above in respect of project timing movements and the addition of the ROTS investment has resulted in a net reduction in borrowing of £0.217m for 2019/20. The additional cost of borrowing for the ROTS investment can be fully supported by the HRA Business Plan.

COMMENT

7. The projected shortfall of £0.088m represents 0.9% of the resources available and is within manageable limits.

PARTNERSHIP WORKING

8. This report has been prepared following consultation with appropriate staff from Housing Services.

RECOMMENDATIONS

9. The Cabinet is asked to:-
- (a) note and approve the movements within the programme; and
 - (b) note the shortfall of £0.088m and that income and expenditure on the programme will be managed and reported on a regular basis.

Further information is available from:-
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Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/PP
10 December, 2019

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Appendix A

HOUSING CAPITAL PROGRAMME

PROGRESS REPORT

2019/2020

COST CODE	PROJECT NAME	LEG COMM	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
			CURRENT YEAR APPROVED AT 29.08.19	PROJECTED OUTFURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.19	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	Y	1,202	1,202	206	Work in progress	0	1,202	1,202
832000001	Rewiring (including smoke/carbon monoxide detectors)	Y	642	396	90	Work in progress	0	642	642
831000002	External Structural Works	Y	2,896	2,594	1,663	Work in progress	0	2,896	2,896
835000008	Estate Works	Y	216	150	38	Work in progress	0	216	216
835000006	Energy Efficiency (Including Cavity Wall Insulation)	Y	409	409	31	Work in progress	0	409	409
835000009	Aids and Adaptations	Y	153	260	93	Transfer from Internal elements £107k to support increased demand	0	153	260
831500001	Internal Element Renewals (including kitchens, bathrooms and doors) 2018/19	Y	1,180	1,073	84	Transfer to Aids & Adaptations £107k	0	1,180	1,073
835000005	Communal Door Entry Systems	Y	42	42	0	Work in progress	0	42	42
835000012	Sheltered Housing	Y	542	34	9	Work in progress	0	542	542
N/A	Purchase of Property (CPO/Mortgage to Rent/Rental Off The Shelf)		75	1,435	0	Increase in budget required to support the purchase of 10 ROTS properties, supported by grant & additional borrowing.	0	75	1,435
N/A	IT Systems		550	162	0	At tender stage.	0	550	253
various	Capital New Build Phase 1	Y	1,679	1,710	1,568	Work in progress, first 3 sites complete	4,991	12,921	12,921
various	Capital New Build Phase 2		100	0	0	Work to be programmed	0	17,371	17,371
N/A	Retentions		10	10	0		0	10	10
		-	9,696	9,477	3,783		4,991	38,209	39,272

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HOUSING CAPITAL PROGRAMME 2019/20

PROGRESS REPORT

RESOURCES

19/20 Revised
£'000

Borrowing				8,294
Commuted Sums - New Build Phase 1				220
Grant - New Build Phase 1				75
Grant - New Build Phase 2				-
Recharges to Owner Occupiers (including HEEPS grant)				300
Housing Grant - ROTS				500
Total				9,389

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